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SUBJECT: FS MENON DESCRIBES HARDENED POSITIONS,
STRENGTHENED RESOLVE ON NUCLEAR DEAL

Classified By: Ambassador David Mulford for Reasons 1.4 (B and D)

Summary

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¶1. (C) Foreign Secretary Shivshankar Menon described for the Ambassador on June 26 a hardening of positions on the part of the Left and within the Congress Party on whether to take the next step in advancing the U.S.-India Civil Nuclear Cooperation Initiative. The Left ultimately rejected submission of the draft IAEA safeguards agreement to the Board of Governors under any circumstances, according to Menon. Congress coalesced around moving the deal forward and continued working to address the concerns of its allies and ensure a parliamentary majority. Menon said the Left's Politburo and the Congress Working Committee each plan to meet internally within the next few days to take final political decisions on the issue. Menon was disdainful of rampant media speculation, saying the real action was within Congress and its private discussions with its allies, which remained loyal but concerned about election prospects. Menon said Australian PM Kevin Rudd signaled to FM Mukherjee his country's support in the Nuclear Suppliers Group (NSG), and Menon agreed with the need to elevate an NSG lobbying campaign to the highest political levels as soon as the government makes a clear decision to move forward with the IAEA. He expressed gratitude for U.S. restraint in public comments and said the G8 summit has focused the government on resolving the impasse, saying PM Singh is "sick" at the prospect of facing President Bush in Tokyo without a deal. Finally, on Zimbabwe, Menon confessed to having been too deep in the nuclear deal deliberations to focus on the ongoing crisis there, but promised to look into India's position.

Discussions Yield Hardened Positions, Internal Party Unity

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¶2. (C) Foreign Secretary Shivshankar Menon told the Ambassador on June 26 that the outcome of talks between the United Progressive Alliance (UPA) and its allied Left parties on advancing the U.S.-India Civil Nuclear Cooperation Initiative over the past two weeks has yielded a gradual hardening of positions. The Left first asked for assurances from the government that submission of the draft IAEA safeguards agreement to the Board of Governors would not lead inexorably to the operationalization of the deal with the U.S. Then the Left asked for a public commitment that after the IAEA the government would not proceed to the Nuclear Suppliers Group (NSG), according to Menon, and then finally demanded public commitments from Congress Party President Sonia Gandhi and Prime Minister Manmohan Singh to this

effect. Finally, at a 9 am meeting on the morning of the June 25 UPA-Left Committee meeting, Communist Party (CPI-M) leader Prakash Karat told Foreign Minister Pranab Mukherjee that the Left could not support any steps forward, including with the IAEA under any condition. Menon said the Left was "playing its politics."

13. (C) Within the last two weeks the Congress Party, according to Menon, has also coalesced around support for moving ahead with the deal. Menon explained Congress had to be seen making these exhaustive effort with the Left in order to build consensus within and with its allies. Early elections is no longer an unmentionable topic. Menon said the Left's Politburo and the Congress Working Committee each plan to meet internally within the next few days to take final political decisions on the issue.

14. (C) Menon also laid to rest rumors of a "sense of Parliament" deal, which he described as "rubbish." At one point in the negotiations, Congress had offered to take a 'sense of the House' before signing and fully operationalizing the 123 Agreement, which according to Menon could mean anything from informal inquiries among members to a full floor vote. Ultimately, Karat said he viewed going to the IAEA as operationalizing the deal and so regarded the current process as one and the same.

Too Many Scenarios, Real Action is Within Congress

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15. (C) Menon outlined a scenario in the event that the UPA

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goes ahead with the deal and the Left calls for a no-confidence vote. Karat has said that the Left would give President Patel a letter indicating they have withdrawn support for the government. She would be obliged to summon the Prime Minister and require him to prove that the government commands a majority; at most, he would have up to two weeks. Menon said one scenario would be a majority comprised of the UPA with the support of the Uttar Pradesh-based Samajwadi Party (SP), but without the Left or BSP Party, the latter of which officially withdrew from the UPA earlier in the week. Menon said that the government could choose when to hold the "motion of trust," and it would need a majority of those present and voting. "The rest is speculation," Menon said, but reminded the Ambassador that previous governments have survived no-confidence votes before.

16. (C) Menon cautioned against putting too much stock in media reports based on speculation about possible winning formulae, saying "the noise-to-signal ratio has gone up tremendously in the last two weeks." Each media outlet will be promoting its narrow point of view. The real action, according to Menon, is within Congress and its private discussions with its allies, which "are more on board than before," but still concerned about their election prospects.

17. (C) Helping to shape the timeline, Samajwadi Party leader Mulayam Singh Yadav has called for a July 3 meeting of the United National Progressive Alliance (UNPA), the coalition of "third parties" that he helped form. While the SP is expected to make their position on the nuclear deal known at that time, Menon opined that political meetings leading to July 3 will determine the SP's position before then.

18. (C) In the event that the government were unable to demonstrate a majority, the Election Commission would decide on the date for a general election. The election code of conduct would then apply. Under these circumstances it is not clear whether the government could submit the safeguards agreement to the IAEA, according to Menon, but the prohibition "would not be clear or categorical." Menon divulged that MEA officials have started looking into precedents for continuing to allow the government to advance the nuclear initiative while acting as a caretaker.

Prepare for the NSG, Australia on Board

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¶9. (C) Menon agreed with the necessity of preparing to gain acceptance of the NSG for an India-specific exemption as well as the need to elevate this issue to the highest political level immediately after the government takes a decision on going ahead with the IAEA safeguards agreement. Menon revealed that during FM Mukherjee's visit to Australia on June 22-23, Australian Prime Minister Kevin Rudd cleared the room and told Mukherjee privately "when it comes to the NSG, we're on your side."

¶10. (C) Menon said the government is focused on the nuclear deal and that the G8 Summit in July is helping focus attention on resolving the issue. Menon canceled his planned trip to the UK on June 27 in order to focus on resolving the impasse. Moreover, Mukherjee has shortened his July 1-3 trip in Egypt order to spend only one full working day in Cairo, Menon revealed. He said PM Singh is "sick" at the prospect of facing President Bush without moving on the nuclear deal.

Maintain Radio Silence

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¶11. (C) Menon thanked the Ambassador for U.S. restraint at this sensitive time, saying "what you have done is exactly right; I am impressed and grateful for the way you have maintained radio silence." He added that the one or two errant messages have only been instructive in showing how complicating our public involvement could be at a time of delicate internal negotiations. Menon also mused about how far the U.S.-India relationship has developed, saying "we've managed to come so far with the U.S.; we have not done anything like this with anyone else, ever."

Shifting Focus to Zimbabwe

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¶12. (C) The Ambassador asked Menon about the Indian position on Zimbabwe in light of the current crisis, saying it is perceived as weak. Menon confessed that he "has not been deeply involved" due to recent developments on the nuclear deal. He said India's UN bureaucrats have been managing the issues, but that he would check into the matter. The Ambassador also cautioned, in response to some newspaper headlines suggesting movement on the Iran-India energy pipeline as a quid pro quo for advancing the nuclear deal, that the status of the pipeline could impact the ultimate Congressional vote on the nuclear deal.

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